



OMB Control Number 1010-0126

Expiration Date: June 30, 2006

INVITATION FOR OFFER - UNRESTRICTED RIK CRUDE OIL SALE

IFO No. 1435-02-06-RP-27807

TERM: May 1, 2006 – May 31, 2006

Introduction

The Minerals Management Service (MMS) is soliciting offers from pre-qualified companies for the purchase of all or part of MMS' royalty crude oil on the properties listed on the attached Exhibit. MMS intends to offer the identified production as an outright sale.

General Offer Specifications

Quantity and Quality

The volume available is all or a percentage of MMS' royalty interest (12.5% of lease production) from the properties identified on the Exhibit. Volumes may vary according to production capabilities and operating conditions.

Offerors are requested to include a minimum and maximum volume for which an offer price applies. Simply state what volume you will accept at the price you provide in your offer. If no maximum limit is specified, offerors agree to accept the full quantity of crude oil delivered by MMS. MMS will make awards based on a percentage of MMS' royalty interest.

Offers will be accepted as crude types Southern Green Canyon or Poseidon. Offers for the crude oil should be based on the common stream gravity and sulfur delivered at the inlet of the Cameron Highway Offshore Pipeline System (CHOPS) onshore delivery points or the Poseidon Pipeline System (POS) delivery point at Houma, as shown in the Exhibit.

Treating, Transportation, and Other Production and Marketing Costs

The buyer is responsible for transportation and other costs at and beyond the sales point, including applicable terminal fees.

Delivery

MMS will make delivery at the inlet of the CHOPS onshore delivery points or the POS delivery point at Houma. If the award is on a Southern Green Canyon basis, the successful offeror(s) will notify MMS by 2:00 pm MST on April 17, 2006 as to the delivery point(s) where MMS should nominate the royalty oil for the entire delivery month.

Title to and risk of loss for the crude oil shall pass from MMS to the successful offeror(s) as the crude oil enters the onshore delivery point(s). Measurement will be via mutually agreed upon meters.

Term

Contracts will be awarded for purchasing royalty oil for a one month term from May 1, 2006 through May 31, 2006.

Offers

Offerors must submit offers as an increment or decrement from either or all of the preferred pricing formulas listed below. **If you would like to submit an offer based on an alternative pricing formula, please caveat your offer with the alternative pricing formula used and/or call the technical contact listed below.**

1. (Calendar NYMEX + Daily Roll) – (Platts WTI – Platts Crude Type)
2. (Calendar NYMEX + Daily Roll) + (Argus Weighted Average Crude Type Differential)

Where:

Platts P⁺: Arithmetic average of the daily high and low price quotes for “P-Plus WTI” for the Platts Month of Delivery

Platts WTI: The arithmetic average of the daily high and low price quotes for WTI Cushing for the Platts Month of Delivery

Platts or Argus Crude Type: The arithmetic average of the daily high and low price quotes for Crude Type for Platts or weighted average of Argus Month of Delivery

Argus Weighted Average Crude Type Differential: The weighted average differential for Crude Type published by Argus

Calendar NYMEX: Arithmetic average of the daily settlement price for the “Light Sweet Crude Oil” front month futures contract reported by the New York Mercantile Exchange (NYMEX) during the Physical Month of Delivery (excluding weekends and holidays)

Platts or Argus Month of Delivery: Refers to quotes in Platts Oilgram Price Report or Petroleum Argus Americas Crude Price Report for the period of time from the twenty-sixth day of the month two months prior to the physical month of delivery through the twenty-fifth day of the month one month prior to the Physical Month of Delivery (excluding weekends and holidays)

Physical Month of Delivery: The calendar month when the crude oil is delivered

Daily Roll: $(X - Y).6667 + (X - Z).3333$, where:

X = Average of the daily NYMEX settlement price for the prompt month, trading days only, when the Physical Month of Delivery is the prompt month trading on NYMEX

Y = Average of the daily NYMEX settlement price for the second month during the same period, trading days only

Z = Average of the daily NYMEX settlement price for the third month during the same period, trading days only

Offer Deadlines

The attached Exhibit is the offer sheet to be completed and faxed or emailed. Offers must be made to the nearest \$0.0001. Offers must be made in writing and submitted to Crystel Edler via

email (crystal.edler@mms.gov) or by fax to 303-231-3846 by 12:00 pm MST on Wednesday, March 22, 2006. MMS will confirm receipt of all offers.

Awards

MMS reserves the right to reject any and all offers. Awards will be based on a percentage of MMS' royalty interest. The royalty oil will be awarded by 2:00 pm MST on or before March 24, 2006.

Payment

Payment is to be made by wire transfer on or before the 20th day of the month following the month of delivery. MMS will provide wire transfer data upon award.

Documentation

Successful offerors will provide MMS with pipeline statements within 2 days after the documents have been made available by the pipeline. Pipeline statements should be sent to rik.project@mms.gov.

Assignment

The Contract shall extend to and be binding upon the successors and assigns of the Parties, but neither this Contract nor any part, specifically including the right to receive payment, shall be assigned or transferred by either Party or by law without the prior written consent of the other Party, which shall not be unreasonably withheld, and any assignment or transfer made by either Party without the other Party's written consent need not be recognized by and shall not be binding upon the other Party.

Limitation of Liability

Neither Party shall be liable for indirect, special, or consequential damages.

Governing Contract

This transaction is governed by the MMS base contract "RIK Crude Oil General Terms and Conditions" signed by the offeror and MMS. Conflicts between the MMS base contract and the terms of this IFO will be resolved in favor of this IFO. Only companies who have pre-qualified and signed the MMS base contract may receive a contract.

MMS will send the successful offeror a Transaction Confirmation detailing the award. Transaction Confirmations not signed and returned and/or errors noted within 2 business days of receipt will be deemed binding on behalf of both parties.

Credit

Buyer must maintain adequate credit coverage for this sale, by surety or MMS-approved credit, subject to section 11 of the Royalty-in-Kind Crude Oil General Terms and Conditions. Please see our website at <http://www.mrm.mms.gov/rikweb/Oilprequal.htm> for pre-qualification information.

Contacts

- Technical:
Crystel Edler
303-231-3126 (work)
720-201-3633 (cell)
303-231-3846 (fax)
Email: crystel.edler@mms.gov
- Credit:
Larry Cobb
303-231-3307 (work)
303-231-3846 (fax)
Email: lawrence.cobb@mms.gov
- Invoicing:
Bernie Muniz
303-231-3854 (work)
303-231-3846 (fax)
Email: bernadette.muniz@mms.gov
- Contracts:
Margaret Miller
303-231-3932 (work)
303-231-3846 (fax)
Email: maggie.miller@mms.gov

Paperwork Reduction Act of 1995 (PRA) Statement:

The OMB Control Number for this IFO is 1010-0126 with an expiration date of June 30, 2006. The PRA (44 U.S.C. 3501 et seq.) requires us to inform you that we collect this information to document fulfillment of royalty obligations on minerals removed from Federal lands. The MMS uses the information to maintain and audit lease accounts. Responses are voluntary (43 U.S.C. 1334). Proprietary information is protected in accordance with standards established by the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1733), the Freedom of Information Act (5 U.S.C. 552(1), (4)), and the Department regulations (43 CFR 2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Minerals Management Service, Mail Stop 4230, 1849 C Street, NW., Washington, DC 20240.

Exhibit

Listing of Crude Properties and Offer Sheet

Exhibit

Minerals Management Service

Unrestricted Outright Sale of Crude Oil Production

IFO No. 1435-02-06-RP-27807

Term: May 1, 2006 - May 31, 2006

Property Name: Green Canyon 645/782 (Holstein/Mad Dog)
 Operator: BP Exploration and Production
 Royalty Oil Type: Southern Green Canyon or Poseidon
 Gulf Coast Market Center: Texas City, Port Arthur, or Houma
 Custody Transfer Point: Various Onshore CHOPS Delivery Points or Houma
 Estimated Royalty Volume (Note 1): 8,000 bbls/day

	<u>SGC</u>	<u>Houma</u>
Gravity (Note 2):	28.91	30.3
Sulfur (Note 2):	2.46	1.65

Minimum Offer Volume (Note 3)	Maximum Offer Volume (Note 3)	NYMEX CMA w/Roll Offer (SGC)	NYMEX CMA w/Roll Offer (POS)	Crude Type Designation	Required: Platts or Argus (indicate P or A)

Note 1: Volume based on April 2006 estimates

Note 2: Gravity and Sulfur based on February 2006 data for SGC and January 2006 data for Houma

Note 3: MMS will base all awards on a percentage of MMS' royalty interest